

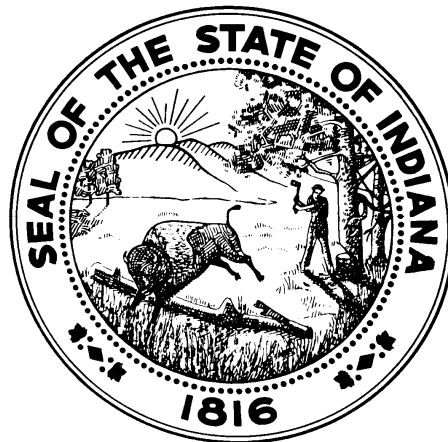
**STATE BOARD OF ACCOUNTS**  
**302 West Washington Street**  
**Room E418**  
**INDIANAPOLIS, INDIANA 46204-2769**

ANNUAL FINANCIAL REPORT

2007

CITY OF GREENSBURG

DECATUR COUNTY, INDIANA



**FILED**  
09/09/2008



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## SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	L. June Ryle	01-01-04 to 12-31-11
Mayor	Frank P. Manus Gary L. Herbert	01-01-04 to 12-31-07 01-01-08 to 12-31-11
President of the Board of Public Works and Safety	Frank P. Manus Gary Herbert	01-01-04 to 12-31-07 01-01-08 to 12-31-11
President of the Common Council	Glenn Tebbe Herbert Hunter	01-01-07 to 12-31-07 01-01-08 to 12-31-08
Superintendent of Water Utility	Richard Denney	01-01-07 to 12-31-08
Superintendent of Wastewater Utility	Jeffrey H. Smith	01-01-07 to 12-31-08
Utility Office Manager	Donna M. Lecher	01-01-07 to 12-31-08



**STATE OF INDIANA**  
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**INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS  
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**TO: THE OFFICIALS OF THE CITY OF GREENSBURG, DECATUR COUNTY, INDIANA**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Greensburg (City), as of and for the year ended December 31, 2007, which collectively comprise the City's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note I, the City prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash and investment balances of the governmental activities, the business-type activities each major fund, and the aggregate remaining fund information of the City as of December 31, 2007, and the respective cash receipts and cash disbursements during the year then ended on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, we have also issued a report dated August 21, 2008, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. Our report on compliance and on internal control over financial reporting should be read along with this report.

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS  
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
(Continued)

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the City taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The Schedules of Funding Progress, Schedule of Contributions From the Employer and Other Contributing Entities, as listed in the Table of Contents, are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The City has not presented Management's Discussion and Analysis or Budgetary Comparison Schedules that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Combining Schedules, as listed in the Table of Contents, Schedule of Capital Assets, and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the basic financial statements. The Combining Schedules, as listed in the Table of Contents, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Schedule of Capital Assets and Schedule of Long-Term Debt have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

August 21, 2008



# STATE OF INDIANA

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## REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

TO: THE OFFICIALS OF THE CITY OF GREENSBURG, DECATUR COUNTY, INDIANA

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Greensburg (City), as of and for the year ended December 31, 2007, which collectively comprise the City's basic financial statements and have issued our report thereon dated August 21, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be significant deficiencies or material weaknesses, as defined above.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS  
(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the City's management, the Common Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

August 21, 2008



CITY OF GREENSBURG  
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS  
For The Year Ended December 31, 2007

Functions/Programs	Program Receipts				Net (Disbursement) Receipt and Changes in Net Assets		
	Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Totals
Primary government:							
Governmental activities:							
General government	\$ 2,750,951	\$ 129,648	\$ -	\$ 629,433	\$ (1,991,870)	\$ -	\$ (1,991,870)
Public safety	2,637,964	268,055	6,700	-	(2,363,209)	-	(2,363,209)
Highways and streets	385,129	-	-	43,487	(341,642)	-	(341,642)
Sanitation	351,478	164,655	-	-	(186,823)	-	(186,823)
Health and welfare	2,674	-	-	-	(2,674)	-	(2,674)
Economic development	4,102,881	-	-	116,516	(3,986,365)	-	(3,986,365)
Urban redevelopment and housing	109,339	-	116,516	-	7,177	-	7,177
Principal and interest on indebtedness	321,873	-	-	-	(321,873)	-	(321,873)
Total governmental activities	10,662,289	562,358	123,216	789,436	(9,187,279)	-	(9,187,279)
Business-type activities:							
Water	2,065,717	2,200,480	-	-	-	134,763	134,763
Wastewater	8,501,043	2,790,596	-	-	-	(5,710,447)	(5,710,447)
Total business-type activities	10,566,760	4,991,076	-	-	-	(5,575,684)	(5,575,684)
Total primary government	\$ 21,229,049	\$ 5,553,434	\$ 123,216	\$ 789,436	(9,187,279)	(5,575,684)	(14,762,963)
General receipts:							
Property taxes					4,652,307	-	4,652,307
Intergovernmental					1,557,650	-	1,557,650
Other local sources					804,607	-	804,607
Net proceeds from borrowings					-	7,850,000	7,850,000
Investment earnings					398,738	413,444	812,182
Total general receipts					7,413,302	8,263,444	15,676,746
Change in net assets					(1,773,977)	2,687,760	913,783
Net assets - beginning					9,546,020	5,882,823	15,428,843
Net assets - ending					\$ 7,772,043	\$ 8,570,583	\$ 16,342,626
<u>Assets</u>							
Cash and investments					\$ 3,078,986	\$ 3,015,734	\$ 6,094,720
Restricted assets:							
Cash and investments					4,693,057	5,554,849	10,247,906
Total assets					\$ 7,772,043	\$ 8,570,583	\$ 16,342,626
<u>Net Assets</u>							
Restricted for:							
General government					\$ 134,682	\$ -	\$ 134,682
Public safety					94,970	-	94,970
Highways and streets					494,176	-	494,176
Economic development					110,192	-	110,192
Urban redevelopment and housing					13,055	-	13,055
Debt service					448,345	1,905,003	2,353,348
Capital outlay					3,397,637	2,360,524	5,758,161
Other purposes					-	1,289,322	1,289,322
Unrestricted					3,078,986	3,015,734	6,094,720
Total net assets					\$ 7,772,043	\$ 8,570,583	\$ 16,342,626

The notes to the financial statements are an integral part of this statement.

CITY OF GREENSBURG  
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,  
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
GOVERNMENTAL FUNDS  
For The Year Ended December 31, 2007

	General	EDIT	TIF	Other Governmental Funds	Totals
Receipts:					
Taxes	\$ 3,376,908	\$ 187,681	\$ 415,224	\$ 672,494	\$ 4,652,307
Licenses and permits	39,867	-	-	13,705	53,572
Intergovernmental	1,323,006	-	-	1,368,903	2,691,909
Charges for services	330,945	-	-	231,413	562,358
Fines and forfeits	12,798	-	-	-	12,798
Other	110,086	38,022	243,019	69,152	460,279
Total receipts	5,193,610	225,703	658,243	2,355,667	8,433,223
Disbursements:					
General government	1,778,453	-	-	60,489	1,838,942
Public safety	2,575,271	-	-	62,693	2,637,964
Highways and streets	-	-	-	385,129	385,129
Sanitation	206,544	-	-	144,934	351,478
Health and welfare	-	-	-	2,674	2,674
Economic development	-	111,672	-	48,800	160,472
Urban redevelopment and housing	-	-	-	109,339	109,339
Debt service:					
Principal	-	-	-	150,000	150,000
Interest	-	-	-	171,873	171,873
Capital outlay:					
General government	30,106	-	-	881,903	912,009
Economic development	-	-	3,900,039	42,370	3,942,409
Total disbursements	4,590,374	111,672	3,900,039	2,060,204	10,662,289
Excess (deficiency) of receipts over (under) disbursements	603,236	114,031	(3,241,796)	295,463	(2,229,066)
Other financing sources:					
Other	455,089	-	-	-	455,089
Excess of receipts and other financing sources over disbursements	1,058,325	114,031	(3,241,796)	295,463	(1,773,977)
Cash and investment fund balance - beginning	1,321,403	761,428	5,044,915	2,418,274	9,546,020
Cash and investment fund balance - ending	\$ 2,379,728	\$ 875,459	\$ 1,803,119	\$ 2,713,737	7,772,043
Amounts reported for governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis are different because:					
Internal services funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis.					592,813
Net assets of governmental activities					\$ 8,364,856
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	\$ 2,379,728	\$ -	\$ -	\$ 699,259	\$ 3,078,987
Restricted assets:					
Cash and investments	-	875,459	1,803,119	2,014,478	4,693,056
Total cash and investment assets - Ending	\$ 2,379,728	\$ 875,459	\$ 1,803,119	\$ 2,713,737	\$ 7,772,043
<u>Cash and Investment Fund Balance - Ending</u>					
Restricted for:					
General government	\$ -	\$ -	\$ -	\$ 134,682	\$ 134,682
Public safety	-	-	-	94,970	94,970
Highways and streets	-	-	-	494,176	494,176
Economic development	-	-	-	110,192	110,192
Urban redevelopment and housing	-	-	-	13,055	13,055
Debt service	-	-	-	448,345	448,345
Capital outlay	-	875,459	1,803,119	719,058	3,397,636
Unrestricted	2,379,728	-	-	699,259	3,078,987
Total cash and investment fund balance - Ending	\$ 2,379,728	\$ 875,459	\$ 1,803,119	\$ 2,713,737	\$ 7,772,043

The notes to the financial statements are an integral part of this statement.

CITY OF GREENSBURG  
STATEMENT OF ASSETS AND FUND BALANCES AND  
RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
PROPRIETARY FUNDS  
As of and for the Year Ended December 31, 2007

	Water Utility	Wastewater Utility	Totals	Internal Service Funds
Operating receipts:				
Unmetered water receipts	\$ 20,210	\$ -	\$ 20,210	\$ -
Metered receipts:				
Residential	880,711	-	880,711	-
Commercial	415,461	-	415,461	-
Industrial	320,744	-	320,744	-
Measured revenue:				
Residential	-	1,251,193	1,251,193	-
Commercial	-	571,665	571,665	-
Industrial	-	663,798	663,798	-
Fire protection receipts	217,200	-	217,200	-
Penalties	10,004	37,034	47,038	-
Charges for services	336,150	266,906	603,056	-
Insurance proceeds	-	-	-	2,049,095
<b>Total operating receipts</b>	<b>2,200,480</b>	<b>2,790,596</b>	<b>4,991,076</b>	<b>2,049,095</b>
Operating disbursements:				
Source of supply and disbursements - operations and maintenance	110,122	-	110,122	-
Water treatment disbursements - operations and maintenance	433,622	-	433,622	-
Transmission and distribution	342,615	-	342,615	-
Collection system - operations and maintenance	-	147,811	147,811	-
Pumping - operations and maintenance	-	2,625	2,625	-
Treatment and disposal disbursements - operations and maintenance	-	804,544	804,544	-
Customer accounts	107,361	94,216	201,577	-
Administration and general	567,521	514,919	1,082,440	-
Reclaimed water treatment - operations and maintenance	-	1,891	1,891	-
Insurance claims and expense	-	-	-	2,212,871
<b>Total operating disbursements</b>	<b>1,561,241</b>	<b>1,566,006</b>	<b>3,127,247</b>	<b>2,212,871</b>
<b>Excess (deficiency) of operating receipts over operating disbursements</b>	<b>639,239</b>	<b>1,224,590</b>	<b>1,863,829</b>	<b>(163,776)</b>
Nonoperating receipts (disbursements):				
Net proceeds from borrowings	-	7,850,000	7,850,000	-
Equipment and capital improvement	(220,949)	(5,952,937)	(6,173,886)	-
Interest and investment receipts	99,945	313,499	413,444	-
Debt service of principal	(200,000)	(276,000)	(476,000)	-
Interest and investment disbursements	(85,759)	(706,100)	(791,859)	-
Clearing account receipts	4,981,831	-	4,981,831	-
Clearing account disbursements	(4,979,599)	-	(4,979,599)	-
<b>Total nonoperating receipts (disbursements)</b>	<b>(404,531)</b>	<b>1,228,462</b>	<b>823,931</b>	<b>-</b>
<b>Excess (deficiency) of receipts over disbursements and nonoperating receipts (disbursements)</b>	<b>234,708</b>	<b>2,453,052</b>	<b>2,687,760</b>	<b>(163,776)</b>
Cash and investment fund balance - beginning	1,712,100	4,170,723	5,882,823	756,589
Cash and investment fund balance - ending	<u>\$ 1,946,808</u>	<u>\$ 6,623,775</u>	<u>\$ 8,570,583</u>	<u>\$ 592,813</u>
<u>Cash and Investment Assets - December 31</u>				
Cash and investments	\$ 1,159,002	\$ 1,856,732	\$ 3,015,734	\$ -
Restricted assets:				
Cash and investments	787,806	4,767,043	5,554,849	592,813
<b>Total cash and investment assets - December 31</b>	<b>\$ 1,946,808</b>	<b>\$ 6,623,775</b>	<b>\$ 8,570,583</b>	<b>\$ 592,813</b>
<u>Cash and Investment Fund Balance - December 31</u>				
Restricted for:				
Debt service	\$ 513,309	\$ 1,391,694	\$ 1,905,003	\$ -
Capital outlay	-	2,360,524	2,360,524	-
Other purposes	274,497	1,014,825	1,289,322	592,813
Unrestricted	1,159,002	1,856,732	3,015,734	-
<b>Total cash and investment fund balance - December 31</b>	<b>\$ 1,946,808</b>	<b>\$ 6,623,775</b>	<b>\$ 8,570,583</b>	<b>\$ 592,813</b>

The notes to the financial statements are an integral part of this statement.

CITY OF GREENSBURG  
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
FIDUCIARY FUNDS  
For The Year Ended December 31, 2007

	Pension Trust Funds	Payroll Fund
Additions:		
Contributions:		
Employer	\$ 120,445	\$ -
Plan members	89,974	-
State	<u>102,269</u>	<u>-</u>
Total contributions	<u>312,688</u>	<u>-</u>
Investment earnings:		
Interest	<u>7,491</u>	<u>-</u>
Agency fund additions	<u>-</u>	<u>1,743,997</u>
Total additions	<u>320,179</u>	<u>1,743,997</u>
Deductions:		
Benefits	347,431	-
Administrative and general	349	-
Agency fund deductions	<u>-</u>	<u>1,746,586</u>
Total deductions	<u>347,780</u>	<u>1,746,586</u>
Deficiency of total additions over total deductions	(27,601)	(2,589)
Cash and investment fund balance - beginning	<u>240,341</u>	<u>2,629</u>
Cash and investment fund balance - ending	<u><u>\$ 212,740</u></u>	<u><u>\$ 40</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF GREENSBURG  
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

The City was established under the laws of the State of Indiana. The City operates under a Council-Mayor form of government and provides the following services: public safety (police and fire), highways and streets, culture and recreation, public improvements, planning and zoning, economic development, general administrative services, water, wastewater, and urban redevelopment and housing.

The City's financial reporting entity is composed of the following:

Primary Government: City of Greensburg

In determining the financial reporting entity, the City complies with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Activities and Net Assets – Cash and Investment Basis displays information about the reporting government as a whole. It includes all funds of the reporting entity except for fiduciary funds. The statement distinguishes between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, receipts, and disbursements. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

The general fund is the primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The EDIT fund accounts for the financial resources used for public improvements and economic development.

The TIF fund accounts for the financial resources for public improvements and economic development within the TIF district.

CITY OF GREENSBURG  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

The City reports the following major proprietary funds:

The water utility fund accounts for the operation of the water distribution system.

The wastewater utility fund accounts for the operation of the wastewater treatment plant, pumping stations, and collection systems.

Additionally, the City reports the following fund types:

The internal service fund accounts for medical benefits provided to employees and their dependents.

The pension trust funds account for the activities of the Police Pension and Firefighter's Pension, which accumulate resources for pension benefit payments.

Agency funds account for assets held by the City as an agent for various taxing entities and benefit providers for payroll withholdings.

C. Measurement Focus and Basis of Accounting

The government-wide, governmental fund, proprietary fund, and fiduciary fund financial statements are reported using the basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The cash and investment basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash rather than when earned and disbursements are recognized when paid rather than when a liability is incurred. Investment transactions are not presented on the financial statements.

If the City utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the enterprise fund statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the City, Wastewater Utility, and Water Utility. Elimination of these charges would distort the direct costs and program receipts reported for the various functions concerned.

Enterprise funds distinguish operating receipts and disbursements from nonoperating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The principal operating receipts of the enterprise funds are charges to customers for sales and services.

CITY OF GREENSBURG  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Operating disbursements for enterprise funds include the cost of sales and services and administrative costs. All receipts and disbursements not meeting this definition are reported as non-operating receipts and disbursements. Internal service funds are used to account for activities provided to other departments or agencies primarily with the government.

D. Assets and Cash and Investment Balances

1. Cash and Investments

Investments are stated at cost. Any changes in fair value of the investments are reported as interest receipts in the year of the sale of the investment.

2. Capital Assets

Capital assets arising from cash transactions acquired for use in governmental or proprietary fund operations are accounted for as capital outlay disbursements of the fund upon acquisition.

3. Long-Term Debt

Long-term debt arising from cash basis transactions of governmental and proprietary funds is not reported as liabilities in the basic financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as disbursements.

4. Equity Classification

Government-Wide Statements

Equity is classified as net assets and displayed in two components:

a. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation.

b. Unrestricted net assets – All other net assets that do not meet the definition of "restricted."

It is the City's policy to first use restricted net assets prior to the use of unrestricted net assets when a disbursement is incurred for purposes for which both restricted and unrestricted net assets are available.

Fund Financial Statements

Governmental fund equity is classified as fund balance. Proprietary fund equity is classified the same as in the government-wide statements.

CITY OF GREENSBURG  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

E. Receipts and Disbursements

1. Program Receipts

Amounts reported as program receipts include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general receipts rather than as program receipts. Likewise, general receipts include all taxes.

2. Operating Receipts and Disbursements

Operating receipts and disbursements for proprietary funds and the similar discretely presented component unit result from providing services and producing and delivering goods and/or services. They also include all receipts and disbursements not related to capital and related financing, noncapital financing, or investing activities.

F. Internal and Interfund Balances and Activities

In the process of aggregating the financial information for the government-wide Statement of Activities and Net Assets – Cash and Investment Basis, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

Fund Financial Statements

1. Interfund services – Sales or purchases of goods and services between funds are reported as receipts and disbursements.
2. Interfund reimbursements – Repayments from funds responsible for certain disbursements to the funds that initially paid for them are not reported as reimbursements but as adjustments to disbursements in the respective funds.
3. Interfund transfers – Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.

Government-Wide Financial Statements

Interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements as follows:

Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers – Internal Activities. The effects of interfund services between funds, if any, are not eliminated in the Statement of Activities and Net Assets – Cash and Investment Basis.



CITY OF GREENSBURG  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

II. Stewardship, Compliance and Accountability

Budgetary Information

Annual budgets are adopted on the cash basis, which is not consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at calendar year end.

Prior to the first required publication, the fiscal officer of the City submits to the governing board a proposed operating budget for the year commencing the following January 1. Prior to adoption, the budget is advertised and public hearings are conducted by the governing board to obtain taxpayer comments. In September of each year, the governing board, through the passage of a resolution/ordinance, approves the budget for the next year. Copies of the budget resolution/ordinance and the advertisement for funds for which property taxes are levied or highway use taxes are received are sent to the Indiana Department of Local Government Finance. The budget becomes legally enacted after the fiscal officer of the City receives approval of the Indiana Department of Local Government Finance.

The City's management cannot transfer budgeted appropriations between object classifications of a budget without approval of the governing board. The Indiana Department of Local Government Finance must approve any revisions to the appropriations for any fund or any department of the General Fund. The legal level of budgetary control is by object and department within the fund for the General Fund and by object within the fund for all other budgeted funds.

III. Detailed Notes on All Funds

Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. At December 31, 2007, the bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

IV. Other Information

A. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents (excluding postemployment benefits); and natural disasters.

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

CITY OF GREENSBURG  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Medical Benefits to Employees, Retirees, and Dependents

The City has chosen to establish a risk financing fund for risks associated with medical benefits to employees, retirees, and dependents. The risk financing fund is accounted for in the Insurance Claims Reserve Fund, an internal service fund, where assets are set aside for claim settlements. An excess policy through commercial insurance covers individual claims in excess of \$25,000 per year. Settled claims resulting from this risk did not exceed commercial insurance coverage in the past three years. Interfund premiums are paid into the fund by all affected funds and are available to pay claims, claim reserves, and administrative costs of the program.

B. Holding Corporation

The City has entered into a capital lease with the City of Greensburg Public Safety Facilities Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the City. The lessor has been determined to be a related party of the City. Lease payments during the year totaled \$217,000.

C. Rate Structure – Enterprise Funds

Water Utility

On June 30, 1997, the City Council adopted Ordinance No. 1997-7 to withdraw from the jurisdiction of the Indiana Utility Regulatory Commission. The current rate structure was approved by the Council on July 1, 2002.

Wastewater Utility

The current rate structure was approved by the City Council on June 19, 2000.

D. Pension Plans

1. Agent Multiple-Employer and Single-Employer Defined Benefit Pension Plans

a. Public Employees' Retirement Fund

Plan Description

The City contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in the defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system and give the City authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of member's contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

CITY OF GREENSBURG  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

PERF administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. The report may be obtained by contacting:

Public Employees' Retirement Fund  
Harrison Building, Room 800  
143 West Market Street  
Indianapolis, IN 46204  
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The City's annual pension cost and related information, as provided by the actuary, is presented in this note.

Information to segregate the assets/liabilities and the actuarial study figures between the City and the Utilities is not available.

b. 1925 Police Officers' Pension Plan

Plan Description

The City contributes to the 1925 Police Officers' Pension Plan, which is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (IC 36-8-6). The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established by the plan administrator, as provided by state statute. The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information of the plan.

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for the 1925 Police Officers' Pension Plan are established by state statute. The City's annual pension cost and related information as provided by the actuary, is presented in this note.

The use of the pay-as-you-go actuarial cost method by the City results in significant underfunding of the plan. Therefore, the Net Pension Obligation (NPO) is not reflected in the financial statements of the pension trust funds.

c. 1937 Firefighters' Pension Plan

Plan Description

The City contributes to the 1937 Firefighters' Pension Plan, which is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (IC 36-8-7). The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established by the plan administrator, as provided by state statute. The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information of the plan.

CITY OF GREENSBURG  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for the 1937 Firefighters' Pension Plan are established by state statute. The City's annual pension cost and related information, as provided by the actuary, is presented in this note.

The use of the pay-as-you-go actuarial cost method by the City results in significant underfunding of the plan. Therefore, the Net Pension Obligation (NPO) is not reflected in the financial statements of the pension trust funds.

Actuarial Information for the Above Plans

	PERF	1925 Police Officers' Pension	1937 Firefighters' Pension
Annual required contribution	\$ 119,516	\$ 212,100	\$ 160,900
Interest on net pension obligation	(428)	34,500	25,400
Adjustment to annual required contribution	<u>488</u>	<u>(42,900)</u>	<u>(31,600)</u>
Annual pension cost	119,576	203,700	154,700
Contributions made	<u>84,405</u>	<u>166,197</u>	<u>82,209</u>
Increase in net pension obligation	35,171	37,503	72,491
Net pension obligation, beginning of year	<u>(5,909)</u>	<u>575,595</u>	<u>423,309</u>
Net pension obligation, end of year	<u>\$ 29,262</u>	<u>\$ 613,098</u>	<u>\$ 495,800</u>

	PERF	1925 Police Officers' Pension	1937 Firefighters' Pension
Contribution rates:			
City	4.75%	21%	21%
Plan members	3%	6%	6%
Actuarial valuation date	07-01-07	01-01-07	01-01-07
Actuarial cost method	Entry age	Entry age	Entry age
Amortization method	Level percentage of projected payroll, closed 40 years	Level percentage of projected payroll, closed 30 years	Level percentage of projected payroll, closed 30 years
Amortization period			
Amortization period (from date)	07-01-97	01-01-05	01-01-05
Asset valuation method	75% of expected actuarial value plus 25% of market value	4 year phase in of unrealized and realized capital	4 year phase in of unrealized and realized capital

CITY OF GREENSBURG  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Actuarial Assumptions	PERF	1925 Police Officers' Pension	1937 Firefighters' Pension
Investment rate of return	7.25%	6%	6%
Projected future salary increases:			
Total	5%	4%	4%
Attributed to inflation	4%	4%	4%
Attributed to merit/seniority	1%	0%	0%
Cost-of-living adjustments	2%	2.75/4%*	2.75/4%*

\*2.75% converted members; 4% nonconverted members

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PERF	06-30-05	\$ 64,419	114%	\$ (29,935)
	06-30-06	100,415	76%	(5,909)
	06-30-07	119,576	71%	29,262
1925 Police Officers' Pension Plan	12-31-05	164,200	82%	490,605
	12-31-06	198,100	57%	575,595
	12-31-07	203,700	82%	613,098
1937 Firefighters' Pension Plan	12-31-05	154,100	69%	363,647
	12-31-06	152,200	61%	423,309
	12-31-07	154,700	53%	495,800

Membership in the 1925 Police Officers' Pension Plan and the 1937 Firefighters' Pension Plan at January 1, 2007, was comprised of the following:

	1925 Police Officers' Pension	1937 Firefighters' Pension
Retirees and beneficiaries currently receiving benefits	11	8
Current active employees	1	-

2. Cost-Sharing Multiple-Employer Defined Benefit Pension Plans

1977 Police Officers' and Firefighters' Pension and Disability Fund

Plan Description

The City contributes to the 1977 Police Officers' and Firefighters' Pension and Disability Fund, a cost-sharing multiple-employer defined benefit pension plan administered by the Indiana Public Employees' Retirement Plan (PERF) for all police officers and firefighters hired after April 30, 1977.

CITY OF GREENSBURG  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

State statute (IC 36-8-8) regulates the operations of the system, including benefits, vesting and requirements for contributions by employers and by employees. Covered employees may retire at age 55 with 20 years of service. An employee with 20 years of service may leave service, but will not receive benefits until reaching age 55. The plan also provides for death and disability benefits.

PERF issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Public Employees' Retirement Fund  
Harrison Building, Room 800  
143 West Market Street  
Indianapolis, IN 46204  
Ph. (317) 233-4162

Funding Policy and Annual Pension Costs

Plan members are required to contribute 6% of the first-class police officers' and firefighters' salary and the City is to contribute at an actuarially determined rate. The current rate, which has not changed since the inception of the plan, is 21% of the first-class police officers' and firefighters' salary. The contribution requirements of plan members and the City are established by the Board of Trustees of PERF. The City's contributions to the plan for the years ending December 31, 2007, 2006, and 2005, were \$328,286, \$306,328, and \$299,100, respectively, equal to the required contributions for each year.

CITY OF GREENSBURG  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULES OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess of Assets Over (Unfunded) AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Excess (Unfunded) AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-04	\$ 1,524,673	\$ 1,397,844	\$ 126,829	109%	\$ 1,669,095	8%
07-01-05	1,582,309	1,695,498	(113,189)	93%	1,938,658	(6%)
07-01-06	1,780,132	1,879,326	(99,194)	95%	2,029,376	(5%)

1937 Firefighter's Pension Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
01-01-01	\$ 153,916	\$ 2,739,100	\$ (2,585,184)	6%	\$ -	- No covered payroll
01-01-02	202,918	2,176,900	(1,973,982)	9%	-	- No covered payroll
01-01-03	204,244	1,857,300	(1,653,056)	11%	-	- No covered payroll
01-01-04	201,292	2,294,100	(2,092,808)	9%	-	- No covered payroll
01-01-05	193,967	2,239,900	(2,045,933)	9%	-	- No covered payroll
01-01-06	158,610	2,198,400	(2,039,790)	7%	-	- No covered payroll

1925 Police Officers' Pension Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
01-01-01	\$ 133,901	\$ 2,787,300	\$ (2,653,399)	5%	\$ 30,700	(8,643%)
01-01-02	190,020	2,774,200	(2,584,180)	7%	32,000	(8,076%)
01-01-03	222,455	2,713,100	(2,490,645)	8%	65,400	(3,808%)
01-01-04	168,489	2,797,100	(2,628,611)	6%	33,600	(7,823%)
01-01-05	146,267	2,276,200	(2,129,933)	6%	34,500	(6,174%)
01-01-06	99,910	2,731,300	(2,631,390)	4%	35,200	(7,476%)

CITY OF GREENSBURG  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULES OF CONTRIBUTIONS FROM THE  
EMPLOYER AND OTHER CONTRIBUTING ENTITIES

	<u>Year Ending</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage of ARC Contributed</u>
1925 Police Officers' Pension Plan	12-31-02	\$ 298,100	70%
	12-31-03	315,600	31%
	12-31-04	327,700	47%
	12-31-05	170,000	79%
	12-31-06	204,800	55%
	12-31-07	212,100	78%
1937 Firefighters' Pension Plan	12-31-02	227,800	91%
	12-31-03	252,300	30%
	12-31-04	262,100	50%
	12-31-05	158,100	67%
	12-31-06	157,200	59%
	12-31-07	160,900	51%



CITY OF GREENSBURG  
COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
OTHER GOVERNMENTAL FUNDS  
For The Year Ended December 31, 2007

	Motor Vehicle Highway	Local Road and Street	Police Donation	Animal Shelter	Law Enforcement Continuing Education	Unsafe Building Fee
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	13,705
Intergovernmental	437,750	43,487	-	-	-	-
Charges for services	-	-	-	-	-	-
Other	1,523	-	-	96	6,080	-
Total receipts	439,273	43,487	-	96	6,080	13,705
Disbursements:						
General government	-	-	-	-	-	186
Public safety	-	-	-	-	3,324	-
Highways and streets	385,129	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Health and welfare	-	-	-	2,674	-	-
Economic development	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Total disbursements	385,129	-	-	2,674	3,324	186
Excess (deficiency) of receipts over disbursements	54,144	43,487	-	(2,578)	2,756	13,519
Cash and investment fund balance - beginning	339,622	56,923	10,489	2,855	28,031	122,501
Cash and investment fund balance - ending	\$ 393,766	\$ 100,410	\$ 10,489	\$ 277	\$ 30,787	\$ 136,020
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ -	\$ -	\$ -	\$ 277	\$ -	\$ 136,020
Restricted assets:						
Cash and investments	393,766	100,410	10,489	-	30,787	-
Total cash and investment assets - ending	\$ 393,766	\$ 100,410	\$ 10,489	\$ 277	\$ 30,787	\$ 136,020
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	10,489	-	30,787	-
Highways and streets	393,766	100,410	-	-	-	-
Economic development	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Unrestricted	-	-	-	277	-	136,020
Total cash and investment fund balance - ending	\$ 393,766	\$ 100,410	\$ 10,489	\$ 277	\$ 30,787	\$ 136,020

CITY OF GREENSBURG  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2007  
 (Continued)

	Riverboat	911 Dispatch County	Fire Contribution	Rainy Day	Hazmat Emergency	Housing Rehabilitation Loan
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	64,697	-	-	24,935	-	116,516
Charges for services	-	66,646	-	-	-	-
Other	-	-	9,499	-	-	581
	<u>-</u>	<u>-</u>	<u>9,499</u>	<u>-</u>	<u>-</u>	<u>581</u>
Total receipts	<u>64,697</u>	<u>66,646</u>	<u>9,499</u>	<u>24,935</u>	<u>-</u>	<u>117,097</u>
Disbursements:						
General government	43,362	-	-	10,000	-	-
Public safety	-	48,801	5,735	-	-	-
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	109,339
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total disbursements	<u>43,362</u>	<u>48,801</u>	<u>5,735</u>	<u>10,000</u>	<u>-</u>	<u>109,339</u>
Excess (deficiency) of receipts over disbursements	<u>21,335</u>	<u>17,845</u>	<u>3,764</u>	<u>14,935</u>	<u>-</u>	<u>7,758</u>
Cash and investment fund balance - beginning	<u>258,835</u>	<u>6,872</u>	<u>11,009</u>	<u>172,137</u>	<u>13,386</u>	<u>5,297</u>
Cash and investment fund balance - ending	<u>\$ 280,170</u>	<u>\$ 24,717</u>	<u>\$ 14,773</u>	<u>\$ 187,072</u>	<u>\$ 13,386</u>	<u>\$ 13,055</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ 280,170	\$ -	\$ -	\$ 187,072	\$ 13,386	\$ -
Restricted assets:						
Cash and investments	-	24,717	14,773	-	-	13,055
	<u>-</u>	<u>24,717</u>	<u>14,773</u>	<u>-</u>	<u>-</u>	<u>13,055</u>
Total cash and investment assets - ending	<u>\$ 280,170</u>	<u>\$ 24,717</u>	<u>\$ 14,773</u>	<u>\$ 187,072</u>	<u>\$ 13,386</u>	<u>\$ 13,055</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	24,717	14,773	-	-	-
Highways and streets	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	13,055
Debt service	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Unrestricted	280,170	-	-	187,072	13,386	-
	<u>280,170</u>	<u>-</u>	<u>-</u>	<u>187,072</u>	<u>13,386</u>	<u>-</u>
Total cash and investment fund balance - ending	<u>\$ 280,170</u>	<u>\$ 24,717</u>	<u>\$ 14,773</u>	<u>\$ 187,072</u>	<u>\$ 13,386</u>	<u>\$ 13,055</u>

CITY OF GREENSBURG  
COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
OTHER GOVERNMENTAL FUNDS  
For The Year Ended December 31, 2007  
(Continued)

	EDLP	Comprehensive Plan	Senior Center Project	Brownfield Grant	Airport Improvement	Airport Rotary Fuel
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	48,800	-	8,800	541,833	-
Charges for services	-	-	-	-	-	112
Other	10,920	-	-	-	30,000	-
Total receipts	10,920	48,800	-	8,800	571,833	112
Disbursements:						
General government	-	-	55	4,743	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Economic development	-	48,800	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	441,430	-
Economic development	-	-	-	-	-	-
Total disbursements	-	48,800	55	4,743	441,430	-
Excess (deficiency) of receipts over disbursements	10,920	-	(55)	4,057	130,403	112
Cash and investment fund balance - beginning	53,918	-	2,962	-	-	-
Cash and investment fund balance - ending	\$ 64,838	\$ -	\$ 2,907	\$ 4,057	\$ 130,403	\$ 112
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ -	\$ -	\$ 2,907	\$ -	\$ -	\$ -
Restricted assets:						
Cash and investments	64,838	-	-	4,057	130,403	112
Total cash and investment assets - ending	\$ 64,838	\$ -	\$ 2,907	\$ 4,057	\$ 130,403	\$ 112
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
General government	\$ -	\$ -	\$ -	\$ 4,057	\$ 130,403	\$ 112
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Economic development	64,838	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Unrestricted	-	-	2,907	-	-	-
Total cash and investment fund balance - ending	\$ 64,838	\$ -	\$ 2,907	\$ 4,057	\$ 130,403	\$ 112

CITY OF GREENSBURG  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2007  
 (Continued)

	ILR	Trash Tipping Fee	Police Equitable Sharing	FEMA Grant	OWI Overtime	Bond General Sinking
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 387,387
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	6,700	22,666
Charges for services	-	164,655	-	-	-	-
Other	-	-	-	4	-	2,260
Total receipts	-	164,655	-	4	6,700	412,313
Disbursements:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	4,833	-
Highways and streets	-	-	-	-	-	-
Sanitation	-	144,934	-	-	-	-
Health and welfare	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	150,000
Interest	-	-	-	-	-	171,873
Capital outlay:						
General government	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Total disbursements	-	144,934	-	-	4,833	321,873
Excess (deficiency) of receipts over disbursements	-	19,721	-	4	1,867	90,440
Cash and investment fund balance - beginning	45,354	59,706	11,726	106	611	150,314
Cash and investment fund balance - ending	<u>\$ 45,354</u>	<u>\$ 79,427</u>	<u>\$ 11,726</u>	<u>\$ 110</u>	<u>\$ 2,478</u>	<u>\$ 240,754</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ -	\$ 79,427	\$ -	\$ -	\$ -	\$ -
Restricted assets:						
Cash and investments	45,354	-	11,726	110	2,478	240,754
Total cash and investment assets - ending	<u>\$ 45,354</u>	<u>\$ 79,427</u>	<u>\$ 11,726</u>	<u>\$ 110</u>	<u>\$ 2,478</u>	<u>\$ 240,754</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
General government	\$ -	\$ -	\$ -	\$ 110	\$ -	\$ -
Public safety	-	-	11,726	-	2,478	-
Highways and streets	-	-	-	-	-	-
Economic development	45,354	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-
Debt service	-	-	-	-	-	240,754
Capital outlay	-	-	-	-	-	-
Unrestricted	-	79,427	-	-	-	-
Total cash and investment fund balance - ending	<u>\$ 45,354</u>	<u>\$ 79,427</u>	<u>\$ 11,726</u>	<u>\$ 110</u>	<u>\$ 2,478</u>	<u>\$ 240,754</u>

CITY OF GREENSBURG  
COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
OTHER GOVERNMENTAL FUNDS  
For The Year Ended December 31, 2007  
(Continued)

	2005 Renovation Bond	Cumulative Capital Improvement	Cumulative Capital Development	Cumulative Building and Firefighting Equipment	Totals
Receipts:					
Taxes	\$ -	\$ -	\$ 171,320	\$ 113,787	\$ 672,494
Licenses and permits	-	-	-	-	13,705
Intergovernmental	-	36,037	10,025	6,657	1,368,903
Charges for services	-	-	-	-	231,413
Other	8,189	-	-	-	69,152
Total receipts	8,189	36,037	181,345	120,444	2,355,667
Disbursements:					
General government	2,143	-	-	-	60,489
Public safety	-	-	-	-	62,693
Highways and streets	-	-	-	-	385,129
Sanitation	-	-	-	-	144,934
Health and welfare	-	-	-	-	2,674
Economic development	-	-	-	-	48,800
Urban redevelopment and housing	-	-	-	-	109,339
Debt service:					
Principal	-	-	-	-	150,000
Interest	-	-	-	-	171,873
Capital outlay:					
General government	-	-	440,473	-	881,903
Economic development	-	42,370	-	-	42,370
Total disbursements	2,143	42,370	440,473	-	2,060,204
Excess (deficiency) of receipts over disbursements	6,046	(6,333)	(259,128)	120,444	295,463
Cash and investment fund balance - beginning	201,545	51,573	644,946	167,556	2,418,274
Cash and investment fund balance - ending	\$ 207,591	\$ 45,240	\$ 385,818	\$ 288,000	\$ 2,713,737
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ 699,259
Restricted assets:					
Cash and investments	207,591	45,240	385,818	288,000	2,014,478
Total cash and investment assets - ending	\$ 207,591	\$ 45,240	\$ 385,818	\$ 288,000	\$ 2,713,737
<u>Cash and Investment Fund Balance - Ending</u>					
Restricted for:					
General government	\$ -	\$ -	\$ -	\$ -	\$ 134,682
Public safety	-	-	-	-	94,970
Highways and streets	-	-	-	-	494,176
Economic development	-	-	-	-	110,192
Urban redevelopment and housing	-	-	-	-	13,055
Debt service	207,591	-	-	-	448,345
Capital outlay	-	45,240	385,818	288,000	719,058
Unrestricted	-	-	-	-	699,259
Total cash and investment fund balance - ending	\$ 207,591	\$ 45,240	\$ 385,818	\$ 288,000	\$ 2,713,737

CITY OF GREENSBURG  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 PENSION TRUST FUNDS  
 For The Year Ended December 31, 2007

	Police Pension	Fire Pension	Totals
Additions:			
Contributions:			
Employer	\$ 56,163	\$ 64,282	\$ 120,445
Plan members	51,851	38,123	89,974
State	<u>58,183</u>	<u>44,086</u>	<u>102,269</u>
Total contributions	<u>166,197</u>	<u>146,491</u>	<u>312,688</u>
Investment receipts:			
Interest	<u>4,038</u>	<u>3,453</u>	<u>7,491</u>
Total additions	<u>170,235</u>	<u>149,944</u>	<u>320,179</u>
Deductions:			
Benefits	192,536	154,895	347,431
Administrative and general	<u>158</u>	<u>191</u>	<u>349</u>
Total deductions	<u>192,694</u>	<u>155,086</u>	<u>347,780</u>
Deficiency of total additions under total deductions	(22,459)	(5,142)	(27,601)
Cash and investment fund balance - beginning	<u>130,641</u>	<u>109,700</u>	<u>240,341</u>
Cash and investment fund balance - ending	<u><u>\$ 108,182</u></u>	<u><u>\$ 104,558</u></u>	<u><u>\$ 212,740</u></u>

CITY OF GREENSBURG  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF CAPITAL ASSETS

For The Year Ended December 31, 2007

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 63,572
Buildings	5,151,632
Improvements other than buildings	33,459
Machinery and equipment	<u>3,483,343</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 8,732,006</u>

<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Land	\$ 478,350
Intangible plant	111,721
Construction in progress	5,609,872
Source of Supply	3,153,425
Water Treatment	2,051,784
Transportation Equipment	294,396
Transmission and Distribution	6,325,821
General Plant	<u>402,519</u>
Total Water Utility capital assets	<u>18,427,888</u>
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	\$ 246,764
Construction in progress	6,510,217
Treatment plant	15,712,277
Sewer Lines	9,334,149
Plant Equipment	567,490
Transportation Equipment	525,826
Office Equipment	<u>138,900</u>
Total Wastewater Utility capital assets	<u>33,035,623</u>
Total business-type activities capital assets	<u>\$ 51,463,511</u>

CITY OF GREENSBURG  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF LONG-TERM DEBT  
December 31, 2007

The City has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental Activities:		
Capital leases:		
Police Station	\$ 2,235,000	\$ 218,000
Notes and loans payable	1,485,983	107,289
Bonds payable:		
General obligation bonds:		
Airport Bond Anticipation Note	1,294,000	24,492
City Hall Renovation	<u>1,130,000</u>	<u>102,522</u>
Total governmental activities debt	<u>\$ 6,144,983</u>	<u>\$ 452,303</u>
Business-type Activities:		
Water Utility		
Revenue bonds:		
1998 Water refunding revenue bonds	\$ 1,715,000	\$ 210,000
2007 Water SRF Loan #2	6,609,780	*
2007 Water SRF Loan #3	<u>227,498</u>	<u>*</u>
Total Water Utility	<u>8,552,278</u>	<u>210,000</u>
Wastewater Utility		
Revenue bonds:		
2000 Wastewater Expansion Bonds	7,276,406	473,406
2007 Wastewater SRF Loan #2	8,500,000	*
2007 Wastewater SRF Loan #3	<u>226,917</u>	<u>*</u>
Total Wastewater Utility	<u>16,003,323</u>	<u>473,406</u>
Total business-type activities debt:	<u>\$ 24,555,601</u>	<u>\$ 683,406</u>

\* Under the terms of the State Revolving Loan Fund, revenue bonds have been purchased by the Indiana Bond Bank, the proceeds of which are set aside to finance the extension of water and wastewater services to annexed areas of the City. Funds are loaned to the City as construction costs are accrued to the maximum allowed. The 2007 Water loans established maximum draws of \$7,120,000 and \$7,880,000. The 2007 Wastewater loan #2 established a maximum draw of \$8,500,000, and the entire amount was drawn and deposited into an interest bearing checking account. The 2007 Wastewater loan #3 established a maximum draw of \$10,000,000. Debt service requirements for the loans will not be determined until planned construction projects are completed.



CITY OF GREENSBURG  
AUDIT RESULTS AND COMMENTS

POLICE DEPARTMENT RECEIPTS AND FEES

As reported in prior audit reports, receipts and fees collected by the Police Department were remitted to the clerk-treasurer less frequently than once a week.

Receipts and fees collected by a police department should be remitted to the clerk-treasurer or city controller at least once each week. (Cities and Towns Bulletin and Uniform Compliance Guidelines, September 2003)

INFRASTRUCTURE

The City does not record infrastructure with their capital assets.

Every governmental unit should have a complete inventory of all capital assets owned which reflect their acquisition value. Such inventory should be recorded in the Capital Assets Ledger form. A complete inventory should be taken every year for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

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SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



# STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2769

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## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

TO: THE OFFICIALS OF THE CITY OF GREENSBURG, DECATUR COUNTY, INDIANA

### Compliance

We have audited the compliance of the City of Greensburg (City) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended December 31, 2007. The City's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, the City complied in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2007.

### Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133  
(Continued)

A control deficiency in a City's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be significant deficiencies or material weaknesses, as defined above.

This report is intended solely for the information and use of the City's management, the Common Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

August 21, 2008

CITY OF GREENSBURG  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Year Ended December 31, 2007

Federal Grantor Agency/Pass-Through Entity Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Pass-Through Indiana Department of Natural Resources Cooperative Forestry Assistance	10.664		\$ 5,000
Total for federal grantor agency			5,000
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Pass-Through Indiana Housing and Community Development Authority Community Development Block Grants/State's Program Homeowner Repair and Improvement	14.228		101,407
Pass-Through Indiana Office of Community and Rural Affairs Community Development Block Grants/State's Program	14.228	PL-04-053	48,880
Total for program			150,287
Pass-Through Indiana Finance Authority Community Development Block Grants/Brownfields Economic Development	14.246		8,800
Total for federal grantor agency			159,087
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Pass-Through Indiana Criminal Justice Institute Bulletproof Vest Partnership Program	16.607		6,175
Total for program			6,175
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Direct Grant Airport Improvement Program	20.106	AIP 3-18-0031-02	524,756
Pass-Through Indiana Criminal Justice Institute State and Community Highway Safety Operation Pullover	20.600	OP-07-01-01-68 OP-08-01-01-72	997 870
Total for program			1,867
Total for federal grantor agency			526,623
<u>U.S. DEPARTMENT OF ENVIRONMENTAL PROTECTION</u>			
Pass-Through Indiana Department of Environmental Management Capitalization Grants for State Revolving Funds	66.458	DW 07031601 DW 07031602 DW 07031603 WW 07011602 WW 07021602 WW 07021603	218,980 2,423,966 101,919 117,109 3,045,833 99,934
Total for federal grantor agency			6,007,741
Total federal awards expended			\$ 6,704,626

The accompanying note is an integral part of the Schedule of Expenditures of Federal Awards.

CITY OF GREENSBURG  
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

I. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Greensburg (City) and is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Accordingly, the amount of federal awards expended is based on when the activity related to the award occurs. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

CITY OF GREENSBURG  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified? no

Reportable conditions identified that are not considered to be material weaknesses? none reported

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:

Material weaknesses identified? no

Reportable conditions identified that are not considered to be material weaknesses? none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? no

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
20.106	Airport Improvement Program
66.458	Capitalization Grants for State Revolving Funds

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? no

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.



CITY OF GREENSBURG  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

CITY OF GREENSBURG  
EXIT CONFERENCE

The contents of this report were discussed on August 21, 2008, with Gary L. Herbert, Mayor; L. June Ryle, Clerk-Treasurer; and Donna M. Lecher, Utility Office Manager.